

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: April 6, 1995

SUBJECT: **HB 217**

This bill, if enacted, will provide for the title issuance of watercraft in Tennessee through county clerks in the same manner that vehicles are titled except that watercraft will continue to be registered with the Tennessee Wildlife Resources Agency. Any liens will be noted on certificates of title of watercraft through the Department of Safety and all state and county fees applicable to issuing noting of liens and duplicate titles will be the same as vehicle transactions. The bill also provides that certain offenses relating to titling of watercraft, as outlined in the bill, shall constitute a Class E felony. This bill, except for Section 3, shall take effect January 1, 1995.

The fiscal impact from enactment of this bill is estimated to result in an increase in state and local government revenues for titling existing, new, and transferred watercraft. Existing watercraft will be titled over a three year period since this method is presently used for registering watercraft by the Tennessee Wildlife Resources Agency. The state fee collected for titling will be \$3.50 and the local government fee will be \$4.50.

Details of revenue increases are shown below. The estimated recurring revenues, for new and transferred watercraft only, will begin in Fiscal Year 1997-98 after all existing watercraft have been titled.

<u>Watercraft Titled</u>	<u>FY 95-96</u>	<u>FY 96-97</u>	<u>FY 97-98</u>	<u>FY 97-98 Forward</u>
Existing	40,000	66,000	114,000	
New	26,000	26,000	26,000	26,000
Transferred	<u>22,500</u>	<u>22,500</u>	<u>22,500</u>	<u>22,500</u>
TOTAL	88,500	114,500	162,500	48,500

Revenues

State Revenue @

\$3.50 per Title \$ 309,750 \$400,750 \$568,750 \$ 169,750

Local Revenue @

\$4.50 per Title \$ 398,250 \$515,250 \$ 731,250 \$ 218,250

The enactment of this bill is also estimated to result in an increase in first year state and local government revenues from increased sales tax collections from casual sales of watercraft which would not be collected in the absence of the bill; however, a reasonable estimate of the increase cannot be determined but is estimated to exceed \$200,000 annually in state revenues and a not significant increase in local government revenues.

The enactment of this bill is also estimated to result in an increase in state expenditures within the Department of Safety to title such watercraft. The estimated expenditures for fiscal year 1995-96 reflect recurring state expenditures to process titling of new and transferred watercraft. Fiscal years 1995-96, 1996-97, and 1997-98 will require

either a contract for titling services or temporary personnel to handle titling transactions of existing watercraft required only for these three years.

<u>State Expenditures</u>	<u>FY 95-96 (6 Months)</u>	<u>FY 96-97</u>	<u>FY 97-98</u>	<u>FY 97-98 Forward</u>
Personnel (6)	\$ 16,188	\$ 32,375	\$ 32,375	\$ 32,375
Contract for Titling Service	60,000	84,000	110,000	0
Office Expenses	61,675	50,050	67,050	41,750
Computer Costs	<u>85,100</u>	<u>13,200</u>	<u>14,200</u>	<u>9,200</u>
TOTAL	<u>\$222,963</u>	<u>\$179,625</u>	<u>\$223,625</u>	<u>\$83,325</u>

In addition, the fiscal impact from enactment of this bill is estimated to result in an increase in state expenditures for incarceration. The amount cannot be determined but is estimated to be not significant. There is an estimated increase in local expenditures for incarceration of misdemeanors versus an increase in fines. The amount cannot be determined but is estimated not to be significant.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director